

## Responses of Governor Haley Barbour

1. Six months after Hurricane Katrina, what's the status of Mississippi's recovery?

Six months after Katrina, thanks to the strength, resilience and spirit of the people on the Coast and in South Mississippi, the recovery has progressed faster and farther than in any other large disaster in American history. Yet, because of the enormity of the destruction, we still have a mighty tall mountain in front of us.

More than 35 million cubic yards of debris have been removed and disposed of (no other disaster has ever generated as much as 25 million cubic yards!), but despite that record pace, there are still 10 million more to go; and reconstruction is largely stymied where debris hasn't been removed. Similarly, 37,000 units of temporary housing today shelter more than 100,000 Mississippians, another record pace by far, but the FEMA travel trailer is not a satisfactory solution as another hurricane season approaches.

A tremendous success story is the quick reopening of every district's schools last fall, so that today 90 percent of the school children who were in school on the Coast last August are back in school on the Coast today. Many are not

in the same school (after all, many of their schools were destroyed), but they and their families are back on the Coast and the surrounding counties.

The return of the Coast's citizens to the Coast was the first essential to recovery, and a very high percentage have been back (or really never left) for months; cleaning up, rebuilding, renewing the area.

Generally, the farther east, the farther the area is into rebuilding, and the closer the feel is one of normalcy. The farther west, where the devastation was greater and farther inland, the more recovery and clean-up remain, and the rebuilding is less far along. Indeed, in some areas, rebuilding on any scale hasn't really commenced.

But the spirit of the people and their work ethic (and that of the local leaders) not only give me great confidence and optimism about the future, it has been an inspiration to Marsha and me.

2. Have the changes in state law you supported helped get the gaming industry back on its feet?

Allowing casinos to move on shore up to 800 feet meant the companies could reopen temporarily in their hotel convention space, and before year's

end three casinos in Biloxi had chosen to do that. This led to the reemployment of thousands of workers at those properties and allowed the state and Biloxi to collect several million dollars in gaming tax revenue in January and February.

Recently the Gaming Commission issued the first permission for a casino to be permanently located within 800 feet of the shore in Gulfport. Others will follow suit, while some will choose to lift their casinos out of the water by building them on strong, secure pilings above the water.

The Legislature's courage in taking this small step will pay large returns in the form of greater investments by the companies in higher quality and larger facilities, but also in activities and amenities beyond gaming. A key to the Coast's becoming the world-class destination resort it can be is for companies to develop more than just gaming. The new law makes that possible.

### 3. What's the status of the state's economy in the wake of the storm?

The state's economy was very good and getting better before Katrina. In 2004 employment grew at the fastest rate since 1999; personal income went

up at the fastest rate since 1998; and the state's economy (GSP) had its greatest increase since 1995.

Another positive indicator is that state tax revenue increased 4 percent my first year, compared to 2 percent the previous year. Last year it increased more than 7 percent, and this week State Economist Phil Pepper said state tax revenue for the fiscal year that ends June 30 will go up 11 percent!

The economy in North and Central Mississippi continued to grow despite Katrina. Then, some areas of South Mississippi found Katrina a significant economic stimulus.

While the Coast's economy shrank in the immediate aftermath of the storm, it has recovered tremendously. Despite double-digit rates of unemployment in the three Coast counties, all the big, non-casino employers are back open, and most need employees. In fact, there is a widespread labor shortage on the Coast.

With the enormous federal resources and the billions of dollars in insurance claim payments (and equivalents), there has been an enormous infusion of

liquidity that will fuel a gigantic reconstruction boom in the bottom three counties, which will last for several years.

Combined with the spirit of the area's remarkably self-reliant people, this economic situation is bound to result in the Coast's coming back bigger and better than ever.

4. How much more money does Mississippi need from the federal government to complete a "full recovery" from Katrina?

In November Mississippi gave the Bush Administration and Congressional leaders our recovery and reconstruction plan. It was subsequently given to the media.

The plan asked for specific categories and amounts of assistance, totaling about \$33.8 billion. Included was \$15 billion to \$17 billion of FEMA disaster assistance that was already provided for under pre-existing law, the Stafford Act.

The December Katrina relief appropriations bill, the GO Zone legislation and the budget reconciliation bill enacted in February combine to allocate what should be nearly \$8 billion of Mississippi's requests, plus funds for

rebuilding of federal facilities and shipbuilding that weren't in our plan but will be spent in our state. While we did not get everything we asked for and some state allocations from appropriations haven't been finalized, the federal resources for Mississippi are generous, needed, and appreciated.

Senator Cochran, Senator Lott and our Congressional delegation did a spectacular job for Mississippi. The President, his Administration and the leadership of Congress stood by us and made unprecedented amounts available with equally unprecedented latitude about how to spend it.

There are three large projects from our November plan we have not yet asked to be funded: rebuilding the Port of Gulfport for the future; relocating and redeveloping surface transportation infrastructure in the coastal counties; and our environmental restoration and hurricane protection plan. The three would cost a total of about \$9 billion over ten years. We expect to ask for two of the projects this year, while we are waiting for completion of a comprehensive environmental study before we seek funding of the last project.

5. How has Katrina impacted the 2006 regular session of the Legislature?

The hurricane hasn't affected the Legislative Session as much as many feared because state revenue has exceeded expectations and the federal government is so generously helping us. I feared we'd be cutting budgets and borrowing money to provide basic services. Mercifully, that hasn't been the case.

6. Do you think it appropriate that Mississippi have the second-lowest cigarette taxes in the nation? How does that jive with the state's tremendous public health care costs?

The argument that large increases in cigarette taxes will reduce smoking is validated by the results in numerous states and nationwide. Those same results are the very reason the tax swaps I have vetoed would have resulted in significant losses in revenue to the state budget. When you replace a revenue stream that is increasing, like the sales tax, with a revenue stream that is declining, such as the cigarette tax, it causes a reduction in overall revenue. In this time of financial uncertainty it is not responsible to cut state revenue.

7. How's your little grandson? Has becoming a grandfather changed you at all?

Adyn Sterling Barbour is Marsha's and my first grandchild, and our only problem is he is too far away. Grandfatherhood is highly rated, and I'm learning why. Adyn is a special treat for us.

8. What's your take on Rep. Cecil Brown's proposal to phase in full funding of MAEP?

The Legislature's plan to stairstep up MAEP funding over four years, which was introduced by State Representative Cecil Brown in the House and State Senator Mike Chaney in the Senate (they are the Chairs of the respective Education Committees), is reasonable and realistic. It gets us to where everyone wants to be, and I'll sign it when it gets to my desk. Funding for K-12 education is the largest item in the state budget – about 48 percent and 63 percent when higher education is included – and has increased since I've been Governor by more than \$200 million per year. This bill will keep it increasing.

9. The Democratic Party has filed suit to essentially stymie the state's open primary laws? Does that help or hurt Republicans in Mississippi?

The State Democratic Party has filed a suit to allow them to close their primaries so that only "real Democrats" can vote in their primaries.



Presumably, this will require voters to register by party, something we don't now do in Mississippi.

Party registration is OK with me, but Republicans will not close our primaries. Anyone is welcome to vote in our primaries, regardless of party affiliation, and that won't change if the State adopts party registration. Ours has been and will continue to be "the party of the open door." If the Democratic Party wants to close its primaries, that is their business, but it won't affect us.